



THE CHARTERED BODY FOR THE PROJECT PROFESSION

An aerial photograph of a dense green forest. A vertical wooden post runs through the center of the image, from the top edge to the bottom edge. The text is overlaid on this image.

THE GOLDEN THREAD
PROJECT MANAGEMENT IN THREE KEY SECTORS
HEALTHCARE, CHARITIES AND SMES



Foreword

Background on the report

This report – the third in the *Golden Thread* series – is published at a time where many of the certainties in place when this research was conducted no longer exist. At the time of writing, the coronavirus looks like it will have a long tail of implications.

The basic premise for the original report was to identify the size and contribution of project management to UK economic and social activity. This sectorial report – one of two follow ups to the original benchmarking report (we published a regional report in March 2020) focuses on three areas of activity which, for a variety of reasons, we wanted to look in greater detail.

Why these three? The first two – the charitable and SME sectors – are areas where project management activity is clearly important but which we identified as 'sectors' where there was a desire for greater support and expertise. Charities, with stretched resources at the best of times, need project expertise to deliver the projects which they use extensively as an instrument to deliver their charitable purpose. This activity is often stymied by lack of expertise (apart from the largest and better resourced charities). Many SMEs are central to projects. Indeed, many SMEs are projects themselves or part of larger project supply chains, yet lack the necessary resource to utilise project expertise properly. Our research found that both of these sectors are working to professionalise their project management capability, particularly where you had experienced project professionals moving into these sectors for the first time. So, we wanted this study to benchmark these two sectors to get a better picture.

On page 2 we set out some APM initiatives we have taken to start to provide specific support for these two sectors.

And the final sector – or to be more accurate, a number of related sectors covered by the umbrella of healthcare is the health, biotech and pharmaceutical sectors. We identified this as an area where project professions are and will increasingly be central to successful project delivery, with this sector the third largest for project management employment and economic contribution in our original 2019 *Golden Thread* study. It is worth saying that this could not be timelier, as project managers in the health sectors have had to face a succession of challenges to repurpose current activity whilst pivoting to deal with the immediate challenge of a pandemic. And in a different way, the pharma and research community have in parallel been working on a series of collaborative projects to find a possible vaccine at breakneck pace.

Although the context for all three sectors we have chosen has changed since the research was conducted, their importance has not. There is no doubt that the voluntary and charitable sectors, the massive importance of SMEs and the 'health' sector if I can describe it crudely, will all be vital enablers on the road to recovery in a post-pandemic world. I would like to offer my thanks to the PwC research team and for the varied contributors and respondents in to this report.

I hope you read the research study in this light and we look forward to hearing any thoughts, comments and case studies you might have.

John McGlynn

Chair, APM
2016-2020

This research was conducted before the Covid-9 outbreak and therefore while this research sets out the current position of project management in the charity sector, it will be some time before the long-term effects of Covid-19 and resulting economic slowdown are visible.

Furthermore, across the NHS, project management skills are currently being deployed to deliver a swift, flexible and coordinated emergency response to the Covid-19 outbreak.

The life science and pharmaceutical sectors are central to the mission to develop a vaccine, and project management and collaboration across sectors will be key in developing a potential vaccine, scaling up production and bringing it to market.

THE GOLDEN THREAD

PROJECT MANAGEMENT IN THREE KEY SECTORS HEALTHCARE, CHARITIES AND SMES

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PHASE 2: NEW RESEARCH

The *Golden Thread* research by APM and PwC has generated significant interest in the economic contribution of the project profession both in the UK and beyond. Following highly positive feedback and numerous requests for further information particularly for regional and sectorial detail, APM commissioned PwC Research to undertake a second phase to build on the original study. Our regional report, *The Golden Thread: The Regional Picture*, was published in March 2020, and focused on five key regions in the UK.

PHASE 2: NEW RESEARCH

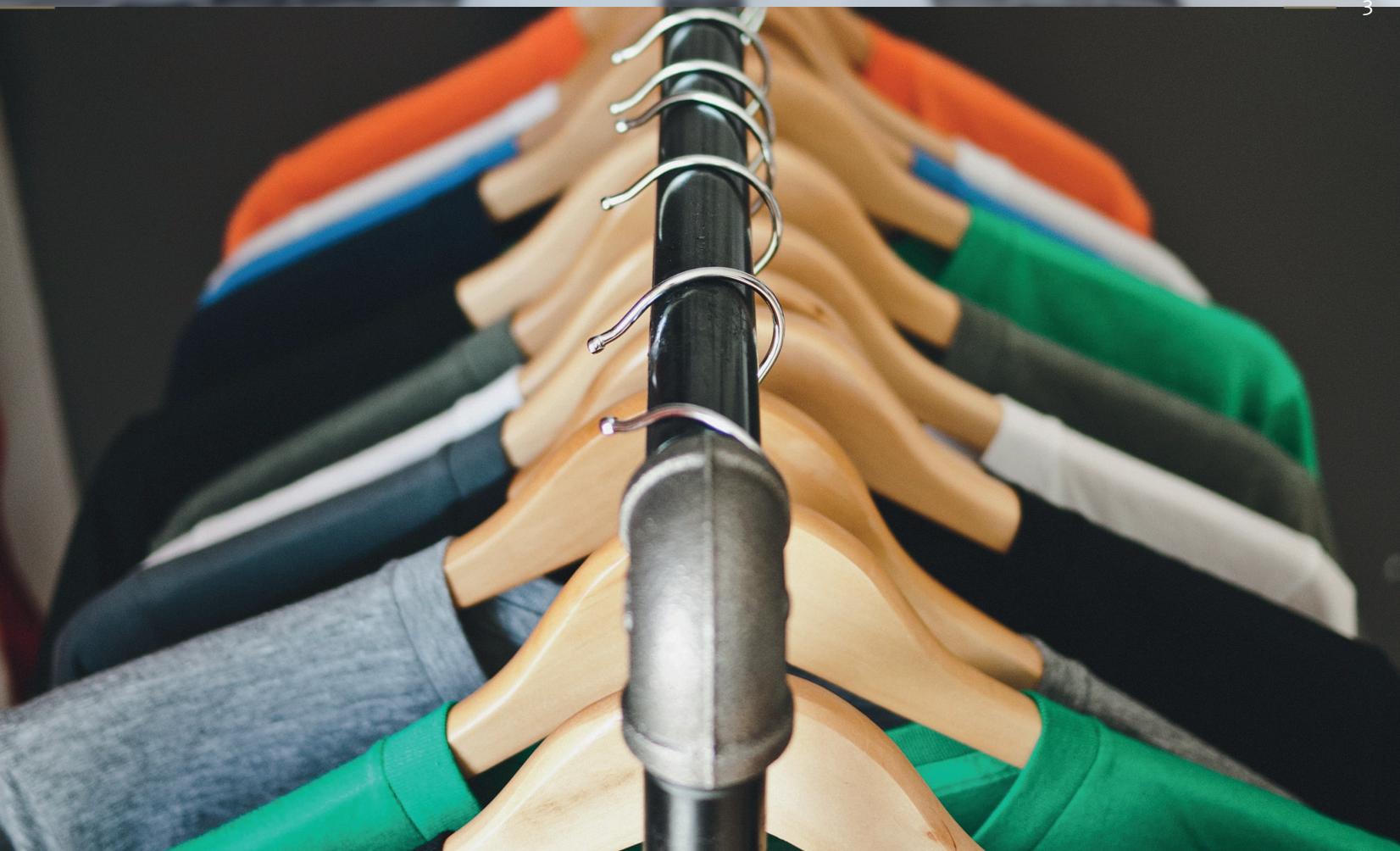
In this report our attention turns to some of the sectors where project management skills are increasingly being utilised to run projects more effectively, efficiently and professionally.

Although the project profession was originally established within the engineering and construction industries, today its reach spreads far wider, with many industry sectors reaping the benefits of effective project management techniques. This examination focuses on three growth areas for project management which APM believes deserve specific attention as sectors where the contribution of project management has been overlooked or lacks specific data or attention. These sectors are healthcare and pharmaceuticals/life sciences, the charity sector, and the small and medium enterprise (SME) sector as a whole. Our research concludes that project management is offering these sectors significant benefits and opportunities which have the potential to result in improved professionalism and better project delivery.

Healthcare including pharmaceuticals was found to be the third largest for project management employment and economic contribution in our original 2019 *Golden Thread* study. APM has worked to support project professionals in the pharmaceutical industry by developing a community of practice whilst producing a number of events alongside the Pharmaceutical Industry Project Management Group (PIPMG). Although not strictly not a sector, SMEs account for three fifths of total employment and around half of turnover in the UK private sector¹. Our research showed that from a projects and project management perspective SMEs made up around half of the employment and economic contribution found in the original *Golden Thread* study. The importance of projects and project management to the charity sector cannot be underestimated and whilst its economic contribution is significant its social impacts are magnified many times further. APM has recently run a pilot to provide funded training to support

charities and aid organisations to develop and build project management capabilities, implement best practice and deliver successful projects.

In these emergent sectors APM are conducting a pilot advisory service that supports local SME businesses and charities in their approach to project management through a number of free hands-on sessions with experts across the UK. This support aims to improve project outcomes, support the adoption of project management, the development of project professionals and to broaden the diversity of the project profession.

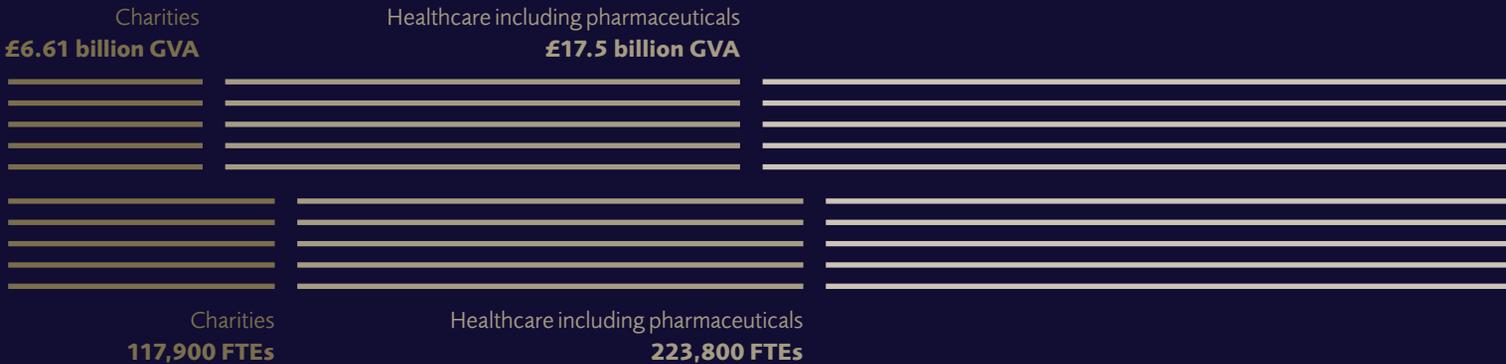


INTRODUCTION AND KEY THEMES

Although each of the sectors covered in this report has its own opportunities and challenges, our research has identified some common overarching themes.

THE CONTRIBUTION OF PROJECTS AND PROJECT MANAGEMENT TO THE UK ECONOMY ACROSS THE THREE SECTORS

PROJECT MANAGEMENT IN THESE THREE KEY SECTORS **£104BN**



Adapting Project Management approaches to sector needs

The sectors included in this report are growth areas for project management not only because of their increasing uptake of project management methodologies, but also because of the ways in which project professionals in these areas are adapting project management approaches and processes to fit sector needs.

For charities and life science organisations, project management facilitates funding and grant applications to evidence that the organisation has a structured approach underlying their work and planning. Project professionals in the charity sector are also using techniques like impact assessments to help them precisely measure the impact their work is having, and to determine where further attention is needed. SME project professionals stated that processes like risk management can be easily incorporated into their business as usual and offer great benefits to their ways of working.

Uncertainty

Uncertainty remains an ongoing challenge across sectors. Compared to the general picture gained from organisations and businesses surveyed for APM and PwC's original *Golden Thread* report, charities appear to have a more pessimistic outlook on the number of projects that may be commissioned in coming years. This may be either a response to developments since our original research, or a particularity of the sector, as our interviews with charity sector experts illuminated how political and economic uncertainty has a knock-on effect on availability of the government funding, grants and fundraising that charities rely upon for project work.

Project professionals and sector experts in SMEs and pharmaceuticals/ life sciences and health also highlighted uncertainty as a major challenge. For SMEs, smaller revenues and workforces can leave them vulnerable to sudden shifts in the economic and political climate, without the buffer of multiple revenue streams and large numbers of staff. For companies and organisations in the pharmaceuticals/ life sciences and health sector, changes to policy and regulations can have a major effect on work, resulting in delayed and even cancelled project work. However, project professionals across these sectors also stated that project management can be an effective means of dealing with uncertainty in these sectors, and help organisations to remain stable despite shifts in the wider political and economic environment.

Professionalising Project Management

There is recognition that although project management is already creating benefits and opportunities, there is scope for further professionalisation that would enable organisations to build on this progress. Project professionals and sector experts interviewed reported that project management can be mislabelled as either a 'side of desk' activity or as excessively bureaucratic by those unfamiliar with project management methods.

However, project professionals reported that experiencing the benefits of good project management has led to a lot of positivity across their sectors. Further professionalisation was perceived as a key means of separating the amateur from the professional and enabling them to create greater awareness within their sectors.

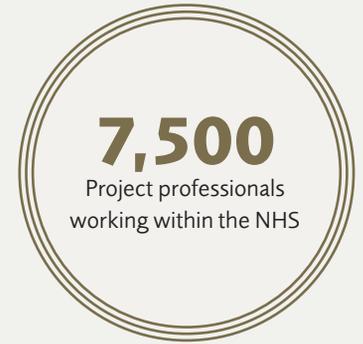
Next steps

- The research will be disseminated across the profession and seek to deepen the picture set out in the original *The Golden Thread* report to provide a more granular view of sectoral project activity.
- We will use this research to help develop the work we are doing to build the capacity of the project profession in these sectors specifically – and in particular, look at the skills needed to ensure the increasing use of projects to deliver economic and social change.
- We welcome feedback on the research and report to help inform future work. Please share any feedback, case studies or ideas to research@apm.org.uk.

SMEs
£79-94 billion GVA

SMEs
1-1.3 million FTEs





HEALTHCARE, PHARMA, LIFE SCIENCES

Projects in the UK's healthcare, and life science sectors are critical to the country, both due to the essential public function they provide and their contribution to the economy. PwC analysis estimates that projects in these areas contribute £17.5 billion to the UK economy annually and generate 223,800 full-time equivalent workers.

The professionalisation of project management is expanding within these sectors. The pharmaceutical sector has employed dedicated project professionals for some time. Project managers are increasingly specified in private and academic life science funding bids, and the NHS is actively developing the project profession internally.

As a result, APM and PwC Research identified the healthcare, pharmaceutical and life sciences sector as a noteworthy example of the growth and professionalisation of project management outside its traditional sectors, and the ways in which project management approaches can be adapted to suit different sectors.

Evidence indicates that the professionalisation of project management is becoming increasingly embedded across the healthcare, pharmaceutical and life science sectors.

Within the healthcare sector, analysis from Health Education England has highlighted that recruitments within project delivery for the NHS as a whole have nearly doubled over the last six years, from 2,500 to 4,500 annual recruits. There is also anecdotal evidence that the healthcare sector is taking a more structured and focused approach to project management.

In the pharmaceutical sector, strong project management is recognised as a valuable asset in the process of developing new pharmaceuticals, testing them and bringing them to market efficiently and effectively.

Project management is also well established in private sector life science projects, and there is evidence that it is moving into the research sector as project professionals are increasingly specified and sought after by management skills funders, especially on larger projects.

SECTOR SNAPSHOT

£17.5

BILLION ANNUAL GROSS VALUE ADDED (GVA)

223.8000

FULL-TIME EQUIVALENT WORKERS (FTES)

**HEALTHCARE, PHARMA AND LIFE SCIENCE PROJECT
PROFESSION CONTRIBUTION TO UK ECONOMY**

SOURCE: 2019 PWC RESEARCH ANALYSIS

Types of projects

Projects in the healthcare, pharmaceutical and life science sectors can be broadly split between internal organisational transformation and sector-specific work, which is typically more externally focused.

Project management in pharmaceutical and life sciences industry tends to be focused on digital transformation, organisational change and new product development. The use of project management approaches specifically for scientific research programmes and projects is more recent, but it is growing, especially at larger institutions. Funders are increasingly employing project managers to oversee research work, particularly for projects that have large budgets, are complex or involve multiple stakeholders.

Healthcare sector projects can vary substantially, typically involving the delivery of training, building capacity and embedding change, which means dealing with ambiguity, and complexity must be considered and built into projects.

In the pharma and life sciences sector, project management is widely used for internal transformation and change. As a result, typical types of projects include change management programmes, digital projects, and the construction of new labs and facilities. The use of project management approaches specifically for scientific research programmes and projects is more recent, but it is growing, especially at larger institutions. Uptake is being driven by funder specification, who are used to employing project managers and using project management approaches for corporate work. Funders are increasingly employing project managers to oversee research work, particularly for projects that have large budgets, are complex or involve multiple stakeholders.

More potential for growth

Healthcare and pharma have increasingly been embracing project management, but our research identified a need to further raise awareness of the benefits the profession brings by providing project professionals with the tools to lead by example. Currently in healthcare project teams can often be led by staff with no formal training in project management – going forward it will be important to combine subject matter expertise with project management techniques to further unlock potential in the health sector.

There will be challenges along the way. While healthcare expenditure accounted for 9.6% of GDP in 2017, expenditure as a percentage of GDP has been falling since 2008². Revenue in the pharmaceutical industry has been hit since 2017 due to political uncertainty and the expiration of several, high turnover patents³, while the UK healthcare industry is strained due to flat budgets and a shortage of skilled medical staff⁴. However, an increasing population and rising demand for healthcare and pharmaceutical products provides the opportunity for further growth.

Skills needs and gaps

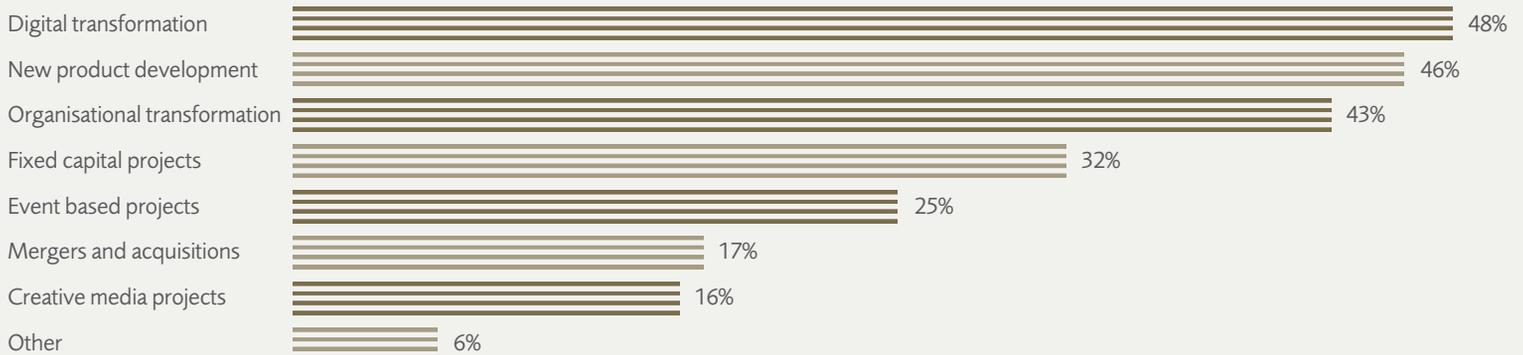
A flexible mind-set and strong interpersonal skills were identified as key characteristics needed for a successful project professional in the health sector.

Public healthcare

In a period of digital change, attracting and retaining skilled project managers is becoming more important in healthcare and our research has shown that project management roles have nearly doubled within the NHS in the last six years⁵. However, project staff are often subject matter experts first and project managers second – lacking structured training in project management. It is of continuing importance that the benefits of project management are highlighted, and that leadership supports a system in which portfolio, programme and change professionals are hired and trained, to bring that project expertise into the way the NHS manages change.

Knowledge and experience of using change management within organisations was identified as a skill gap in public healthcare, with a desired ability of professionals to combine their expertise with organisational change strategy. NHS project professionals interviewed highlighted that incorporating strategies to prepare for, manage and embed change will allow the NHS to deliver more effective and sustainable organisational transformation. However, it was highlighted this will require changes in behaviours and greater buy-in from current personnel.

Projects taken in the last year across the healthcare, pharmaceutical and life science sectors



Source: 2019 PwC Research analysis

"I suspect it's probably the same in most sectors, where whatever the focus of that sector's role is – project managers are always kind of seen as, 'that's back office'. Or, 'you're not really one of us, you're support services'. So it's very hard to get that level of credibility across, particularly as everybody can call themselves a project manager.

This is where things like chartership with the APM becomes vitally important, because you can say, chartership is the thing that differentiates me, the professional, from the amateur – because that is a really clear point of difference".

Research respondent

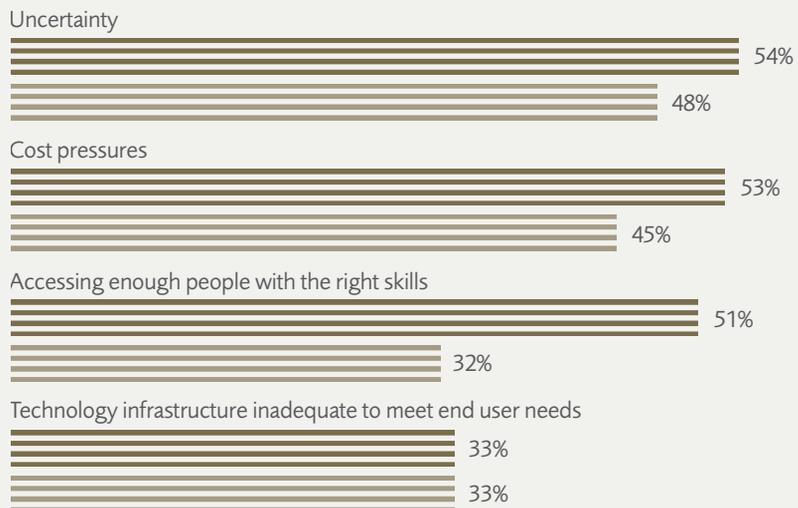
Pharmaceuticals and life sciences

Competition for skilled staff is strong in the private health sector, particularly in pharmaceuticals as many project management roles demand staff with knowledge of process or medicinal chemistry as well as project management skills.

Flexibility and strong communication skills were also highlighted as essential in the life sciences field, due to the need to collaborate with researchers. The exploratory nature of research ensures that 'completing' a project and delivering outcomes differs from other sectors, and the project's goals are subject to shift depending on the research progress and findings. As a result, our experts felt that project managers in this sphere need to be adaptable, capable of supporting researchers to explore findings while keeping the project on track.

Main challenges in the past 3 years

Future challenges in the next 3 years



Source: 2019 PwC Research analysis

Although specific challenges can vary by sector, top challenges for project professionals across healthcare, pharmaceuticals and life sciences are political uncertainty, cost pressures, accessing enough people with the right skills and inadequate technological infrastructure.

Technology infrastructure

The NHS is a complex organisation, composed of over 600 independent organisations and 1.6 million staff working collaboratively. Project professionals in the healthcare sector believe there is opportunity for in-sector organisations to further enhance the way they collaborate, with digital transformation and project management forecast to play a significant role in building connectivity⁶. Digital transformation requires effective leadership and change management, something that skilled and experienced project professionals can provide.

Although new advancements in technology can help boost productivity and information sharing is greatly helped by improved digital capabilities, the sector experts interviewed highlighted that, historically, technology roll-out has advanced at different rates between different departments in the UK's healthcare sector. Consistent digital roll-out and up skilling will be a key challenge to overcome in order to drive further collaboration in the future.

Cost pressures

Public healthcare projects can have strict budget constraints with fierce competition for funding and a need to justify expenditure to the public and other stakeholders. A lack of awareness of project management can increase the challenge of justifying investment into new personnel and project management techniques, therefore stakeholders can struggle to see the link between project managers and more effective healthcare. Recent estimates of the NHS maintenance backlog put it at £6.5bn, which can put further pressure on costs.

Uncertainty and disruption

The UK's pharmaceutical and life sciences sectors are engaged in international collaboration and connected to markets and research institutions around the world. Project professionals in these sectors highlighted that uncertainty surrounding the terms of the UK's exit from the EU is a key challenge as it remains to be seen whether they will face disruptions to international market entry, or a loss of access to participants for clinical trials. Project professionals interviewed also added that the UK's pharmaceutical and scientific research sectors benefit from their reputation as one of the international 'hubs' of best practice – a weakening of international ties could diminish the UK's attractiveness to international researchers and result in increased difficulty in attracting skilled professionals from abroad.

Misperceptions of project management

Our experts across health, pharmaceuticals and life sciences have also experienced issues where project management methods have been too rigidly adhered to which had a negative impact on communication and the success of the project. Negative experiences of the poor implementation of project management can leave a lingering impression, which is why it is so important to maintain and raise awareness of project management skills and monitor the success of projects. Overcoming a perceived legacy of 'bad' project management can often be the first hurdle within organisations.

Risk management and compliance

New health projects developed don't always make it to market – it is important that programmes and projects build this risk into their ways of working to minimise the impact on the organisation if a product doesn't reach the market. The experts consulted by PwC also highlighted a need for constant training and education – staying up to date on regulation changes was cited as a source of additional work stress for some, with the pharmaceuticals industry one of the most regulated in the world.

Scaling up

Moving from small-scale lab research and testing to greater production quantities and manufacture is complex, and involves multiple stakeholders with competing focuses. This presents both a challenge and an opportunity for project managers to manage this process.

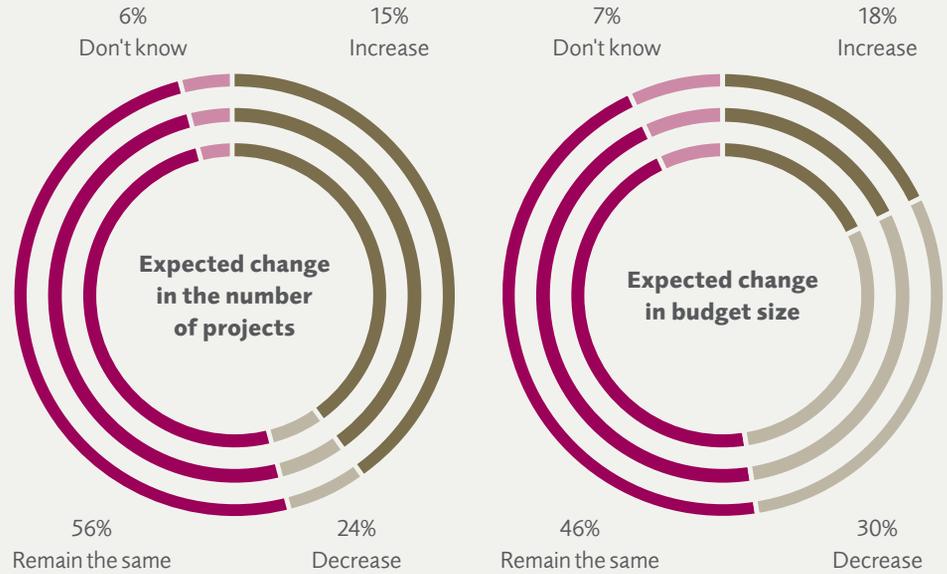
Private sector stakeholders identified a need to move quickly and be agile during projects, but still have to deal and liaise with the NHS as a base, which can slow down projects due to difficulties in communication and collaboration between the two.

"In the past, there was a lot of bad project management – and we still see some project managers who aren't happy unless they've used every PRINCE 2 template in the book. Flexibility is the key. You can still use the principles without having to use every possible document there is."

Research respondent

Future expectations

Across healthcare, pharma and life sciences as a whole, the number of projects undertaken is predicted to remain largely stable over the next three years, although almost 30% of organisations surveyed expect to see project budgets decrease over the next three years. Challenges across health vary depending upon the sector and this section will explore the various challenges faced across public and private healthcare, pharmaceuticals and life sciences.



"The pharmaceutical sector has some unique challenges, because you're operating at the intersection of private commercial interests, and the health sector, which – even in countries where healthcare is privatised – there is an expectation that if the medication exists, it will be available to treat the people that need it.

But pharmaceutical companies are private and have a need to make revenue. So the challenge for us becomes, how can we make our processes better, smoother, faster, so that the labs can test the medication and then we can scale up in a timely and cost-effective way that enables us to produce the medication on a mass scale. Project management helps with this transition."

Research respondent

THE WAY FORWARD

Public Healthcare

Awareness of project management in the public health sector has been increasing and there remains opportunity for further growth. Professionalisation and chartership through APM has had a positive impact, and further recognition of the impact dedicated project professionals have will be important going forward. Effective benefit management and tracking, not only through costs, but around the positive impacts on quality of life that effective NHS projects can bring will highlight the benefits of project management and could lead to greater motivation and engagement among staff.

The NHS is starting to embed project management approaches within the organisation and adapting more project management to be people focused rather than using more traditional, construction-based approaches. The emphasis on people focused project management and bringing in professionals with excellent communication and people management skills is seen as crucial to the success of public healthcare projects⁷.

Pharmaceuticals and Life Sciences

An ageing population and greater focus on wellbeing will continue to stimulate growth in the pharmaceutical industry as demand for new and improved drugs will grow. Project management approaches will continue to be crucial to improve processes through the product development phases to managing complex supply chains. Our experts predict that bottom up approaches will become more popular in the pharmaceutical industry, especially when staff develop further in project management and can have greater input. This collaborative approach should see the benefits of project management recognised across the business and increase its uptake.

"I think eventually the funders, because they're using it themselves, see the benefits or passing it down to the science. I think that gradually, researchers – big, collaborative, cross-organisational projects – are thinking more about how they would manage that and want someone dedicated to doing that."

Research respondent



Health Education England

Case Study – Jo Stanford, Head of Corporate Portfolio Office and Head of Project Profession (Healthcare – Public).

NHS Health Education England (HEE) is a system-wide organisation, delivering undergraduate and post-graduate clinical workforce training and development for the NHS across England. HEE has £4.5 billion spend annually, 36 offices across England, and around 300 project delivery personnel (out of 2500 members of staff in total).

Jo Stanford is Head of Corporate Portfolio Office for HEE. HEE's current Corporate Portfolio (excluding regionally and locally delivered programmes) includes 113 programmes and projects, with a total budget of £163 million annually. In addition to this role, Jo leads a programme of work to deliver the project profession for the NHS. This involves working with heads of profession in national and regional organisations to develop a profession infrastructure within the NHS system.

Typical projects carried out by HEE include digital and IT transformation, service improvement and transformation, specialist clinical training, and genomics education, which Health Education England is currently working on collaboratively with NHS England and NHS Improvement, and Public Health England. HEE also has an ongoing portfolio of change – this includes reform programmes, and clinical education and training that needs to be refreshed on an ongoing, and iterative basis.

Jo believes that project management in the health sector differs substantially from sectors traditionally associated with project management approaches – such as construction – in that health sector projects are primarily focused on delivering intangible outcomes and aren't commercially driven. These can include delivering training, building capacity, and embedding change. As a result, project managers in the healthcare sector need to be skilled in dealing with ambiguity and complexity. Change management capacity is also a key skill – there is a strong need to implement change more effectively, and continue embedding change until it becomes the new norm.

Key challenges for project managers in the public health sphere include both external influences and internal operational and infrastructure issues, both of which add complexity. For example, the healthcare sector is heavily influenced by political developments – timescales for projects in the healthcare sector are aligned with ministerial terms, rather than the health sector's needs and programme requirements. Furthermore, old hospital facilities and IT systems can make it challenging to deliver projects and embed consistent change and efficiency outcomes.

Despite these challenges, Jo is optimistic about the role of project management in the healthcare sector going forward. The sector is increasingly embedding project management approaches, with project management roles within the NHS estimated to have doubled over the last six years. In addition, Jo feels that the project profession is in an opportunity period, moving from its traditional focus on construction and IT towards people-focused project management. She regards this as *"a really fascinating period to be involved in the evolution of the project profession"*.

"A very different mentality and approach required, when what you are building is not visible. It makes it a much different project dynamic. That then lends itself to a lot of complexity, and a lot of ambiguity, potentially, so you have to be good at dealing with ambiguity in the health sector. And it's all about people."

Jo Stanford



Case Study – **The Babraham Institute** is a life sciences research institution strategically funded by UKRI and partner organisation of the University of Cambridge.

The Institute is involved in biomedical research, including research into healthy aging and molecular biology. **Karen Vincent** leads the delivery of strategic and governance projects for the Institute, and **Robert Pyke**, Babraham Institute's CIO and Deputy Director of Operations, has been involved in project management for many years through work on IT transformation projects.

Over the past 20 years, the Institute has used PRINCE2 to manage IT transformation projects and other major change programmes. Although the Babraham Institute is yet to use formal project management methodologies for research projects, Karen and Robert note that the use of project management approaches in research is on the rise.

Robert feels that the landscape is changing, with larger research organisations embracing project management techniques for major research projects. For example, there are project managers working on the European Commission's Horizon 2020 Programme – the largest EU research and innovation project to date.

Karen believes that the uptake of project management methodologies in research is being driven by specification from funders, some of whom have observed the benefits of project management on corporate projects. Prior to joining the Institute, Karen managed a £3.1 million Wellcome Trust Collaborative Award in Science programme for the University of Cambridge – as this was a large grant, the funders specified the inclusion of a project manager that would oversee the associated research.

Both Karen and Robert are optimistic about the opportunity for project management approaches to have greater uptake on research projects moving forward. A key challenge for project managers working on research projects is a relative newness of project management in this sector, as researchers and academics typically have not had the broader experience of project management and are unclear as to what their role and involvement should be. As a result, the project manager's role can span both managing the programme and communicating what they are doing and why.

Karen and Robert also note that research projects also differ from corporate projects in that researchers require freedom to explore findings. Project managers working on research projects therefore need to balance meeting the project's milestones with allowing researchers the freedom to do exploratory work. Both Karen and Robert highlight a need to avoid overburdening researchers with documentation – Karen states that she wouldn't show researchers all of the documentation the project, but keep it on a 'need to know' basis. Robert agrees, stating that the project management principles can still be used without extensive documentation – flexibility is the key.

"I think the funders, because they're using project management themselves, are starting to see the benefits of passing it down to the science, and gradually, researchers on big, collaborative, cross-organisational projects are thinking more about how they would manage the project and want someone dedicated to doing that."

Karen Vincent

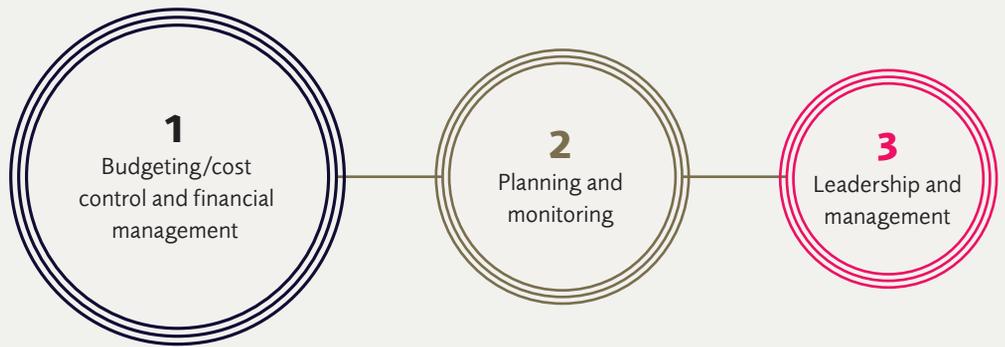
"Project management is much more of a balance for research because you are not prohibited within a frame, but you do need to reach some target, goal and milestones. The project manager is focused on the funders' requirements, so researchers can still go off and explore the findings that arise."

Robert Pyke



According to the charities surveyed, the three most desirable skills for charity sector project professionals are:

Source: 2019 PwC analysis



CHARITY SECTOR

Charities play an important role in the UK economy, contributing £52.2bn in revenue across an estimated 167,000 organisations⁸. Project work is a significant part of this contribution: PwC analysis estimates that project management in the charity sector contributes a total of £6.61bn to the UK economy each year, and a major portion of charities' work is project-based.

As a result, APM and PwC identified the charity sector as a key area worthy of further investigation and a noteworthy example of the continued professionalisation and embedding of project management. This sectoral deep dive highlights how charities are using project management approaches, the challenges that they face in utilising project management within their organisations, and how future project delivery could benefit from further integration of project management techniques.

The adoption of project management approaches in the charity sector is relatively recent, but on the increase. Charity sector experts interviewed state that the use of project management is increasingly established throughout the UK's large charities, with some now employing dedicated project professionals. Smaller charities are following suit, training staff on project management approaches and introducing documentation and theories of change to underpin their work.

Sector experts link the uptake of project management approaches in the sector to the 2008 financial crisis and the UK's period of austerity: many sector professionals come from local authority backgrounds, where project management was brought in during austerity as a means of managing change and delivering with tighter budgets. This stimulated greater recognition of project management within the charity sector as a means of improving efficiency and maximising impact, particularly in the face of restricted budgets.

GVA AND FTE ESTIMATES

£6.61

BILLION ANNUAL GROSS VALUE ADDED (GVA)

117.900

FULL-TIME EQUIVALENT WORKERS (FTES)

**CHARITY PROJECT PROFESSION
CONTRIBUTION TO UK ECONOMY.**

SOURCE: 2019 PWC RESEARCH ANALYSIS

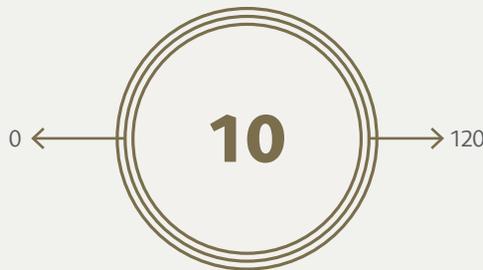
"Our charity has always done a lot of project work and had some initial experience of working with project management, but it was still early days in our understanding when I joined. But they had seen the added value and benefits of project management, and it was clear that they wanted to roll out a project management approach as best practice."

Research respondent

Types of project in the sector

Charitable organisations vary greatly in size and so too does the size and number of projects undertaken in the sector. Projects range from smaller, specific projects (for instance, a fundraising event) to large digital transformational projects with long-term strategic objectives. Broadly, project work can be split between internal projects to dedicated to improving charities' ways of working, and outward-facing projects focused on the populations and social issues the charity is intended to help.

Projects per year on average



Source: 2019 PwC Research analysis

Budget size range



Source: 2019 PwC Research analysis

Skills needs and gaps

The charity sector tends to attract a well-educated workforce with over 50% of the workforce having degree level or higher qualifications⁹.

New hires within the charity sector tend to have well rounded skills, with the focus on building their knowledge of the sector and learning specific project management techniques. Hiring experienced project managers can present a bigger challenge, as knowledge of the sector is seen to be crucial to the role and this reduces the potential pool of applicants.

Our experts predict that as project management continues to evolve, it will become an essential skill in the charity sector and become embedded within organisations. It has been observed that an increased number of graduates are entering the charity sector either as project professionals or with some experience of key methodologies, as project management becomes more visible as a discipline.

SECTOR BREAKDOWN: CHARITY SECTOR

"The elephant in the room is around Brexit and what comes after that as this will determine the way projects are designed in the future... We have no idea what we are planning for at the moment."

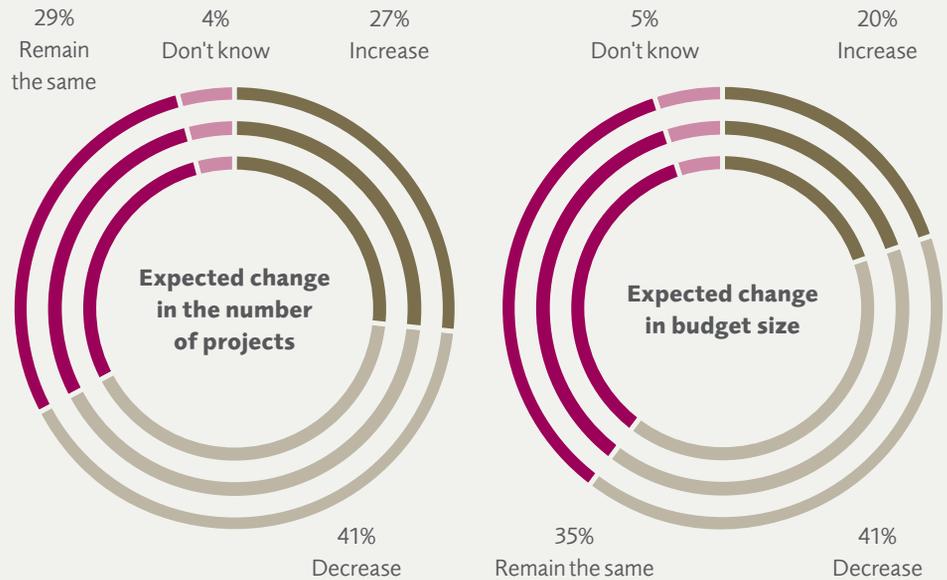
Research respondent

Future expectations and challenges

Despite the high proportion of project work in the charity sector, charities have a relatively pessimistic outlook, with four in 10 expecting the number of projects and budget sizes to decrease over the next three years. A year earlier, a more optimistic picture emerged across all sectors involved in the *Golden Thread* study, with 40% expecting an increase in the number of projects, and 34% predicting increased budgets. This may be a feature of the timing of the research in 2019 when the cumulative effect of a number of years of uncertainty about the UK's position in Europe appears to have peaked, and this may have disproportionately impacted on the charity sector.

PwC analysis has identified the following key challenges that are contributing to a more cautious outlook among charities:

- Political uncertainty
- Cost pressures
- Project management perceptions
- Staff workload



"Project management as a discipline for our sector is a relatively new thing. Project management in the past has very much been a side-of-desk activity that other people can do, but we are now recognising that it is a skill in its own, so we are going out to recruit dedicated project managers and possibly get younger recruits as a result"

Research respondent

"We are a small independent charity with a social enterprise, project management is a really valuable approach to take, but we don't have dedicated project staff to deliver – it's tough enabling colleagues to work in this way."

Research respondent

Political uncertainty

Six in 10 charities surveyed by PwC Research considered political uncertainty to be a key challenge they will face in the next three years. Charity project professionals interviewed state that extended uncertainty around the UK's vote to leave the EU has led to delays in grants and funding, upon which they rely heavily to carry out their work.

Experts in voluntary sector funding discussed the issues associated with grant applications which are an important component of funds. We were informed that as the language and ethos of political parties varies, charities need to adjust the wording of funding applications accordingly to meet their ideals. This can lead to charities delaying grant applications around election times due to the risk of government grant standards changing post-election and therefore cause delays to project start times.

Cost pressures

Charities face continuous cost and time pressures and are frequently working to tight budgets. From 2016-2019, falling consumer confidence combined with reduced growth in disposable income caused a decline in revenue – though growth is predicted from 2020 in the charity sector. In the face of these challenges, project management is seen as an effective way to manage costs. However, smaller charities can struggle to dedicate resources to project management or provide cover for staff to allow upskilling/additional training.

Additionally, charity investment needs to be justified to stakeholders and there is scrutiny from donors on how a charity spends their donations. Experts within the charity sector have suggested it can be a challenge to justify project management investment through the integration of new techniques and hiring of new project professionals, as its benefits are not widely understood.

Project management perceptions

There were concerns that project management was still seen as a 'side-of-desk' activity and a perception remained that project management holds the risk of 'stifling creativity with bureaucracy'. It is thought that new techniques and ways of incorporating project management can sometimes face resistance from experienced professionals who don't perceive project management as fitting in with their creative working style.

Within organisations, a challenge was identified to changing the mind-set that project management creates additional bureaucracy that can reduce time and resources to spend on helping people directly, for example, introducing reviews and assessment impacts which are seen to be more commercial techniques.

Improving understanding of the benefits of project management costs across the public and the charity sector could be improved by further professionalisation of project management and improved knowledge sharing among organisations.

Staff workload

The time and cost pressures charities continually face can create a high-pressured environment for staff. This increases the risk of burnout – leading to an increase in staff turnover and putting projects at risk.

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"Burnout is a key one. You have staff that feel like they are under pressure for the timelines and deadlines that need to be met... and this can have an impact on their health."

Research respondent

"We have started to look at more portfolio management and having conversations with other charities, I think it's very clear that some of the large charities e.g. MacMillan Cancer Support and Alzheimer's Research UK, are further ahead in comparison to us in project management. But there are also some other charities that have only just started to get the basics in place."

Research respondent

THE WAY FORWARD

Project management approaches are relatively recent in the charity sector but are being adapted and embedded. Drivers encouraging this uptake includes:

- “ A 'filtration effect' from local authorities as project management benefits become more widely known, a wider recognition of project management in the charity sector and grant decision makers increasingly requesting evidence of project management approaches in bids.
- “ Larger charities which have access to more resources are thought to be ahead of the curve implementing project management within their organisation and a need to support smaller charities was identified.

Long term needs

- “ Raising awareness of project management to the public and donors – could lead to more volunteer work being salaried. A suggested approach is to bring charities together more often to share and debate ways of working in the future.
- “ Embedding project management within organisations and encouraging staff to buy in.

"We need more opportunities for charities to come together... We could do a lot more in that respect. I enjoy the APM events as they are cross sector, but sometimes there is a need to discuss in a sector as well as there are unique needs and challenges within the sector, and we would have the ability to share knowledge and best practice."

Research respondent



Chris Murray, CEO, the Young Brent Foundation

The Young Brent Foundation is a charitable infrastructure organisation, which supports the needs of children and young people in the London Borough of Brent by developing the local youth voluntary sector. The Young Brent Foundation's key aim is to enable local organisations to grow beyond their current capacity, including through fundraising opportunities, coordinating bidding activity, consortia working and sharing skills and resources.

Chris Murray, the Young Brent Foundation's CEO, has had a lengthy career in youth services. His introduction to project management came in 2010, when he was working in local government during austerity measures and employed PRINCE 2 and the McKinsey 7 to manage resources. Since then, Chris has embedded project management approaches into his work. He is an advocate of the Theory of Change methodology, using it to underpin all of the Young Brent Foundation's work.

Chris identifies a number of benefits that project management offers the charity sector. While these include traditional benefits such as the strong execution of projects and saving time and money, a key sector-specific benefit is the opportunity to attract funding. As project management is regarded as 'the blue-chip approach', Chris stated that writing it into proposals can act as a certification mark that the work will be carried out to a high standard.

Although Chris is enthusiastic about the opportunities that project management approaches offer the charity sector, he also highlights some challenges. One of these is equipping volunteers and staff with the skills they need, in addition to their passion for the cause. Political and economic uncertainty also remains an ongoing concern, as the sector is very reliant on local and central government funding.

Going forward, Chris highlights budgeting and strategic planning as key project management elements for charities to adopt in the future. Chris also believes that more widespread adoption of project management approaches, including Theory of Change, could massively benefit the sector as it would enable organisations to show more evidence of what they are doing, and thus attract more funding – this could result in more volunteer work becoming salaried.

"Project management is beyond bricks and mortar.

The oversight and techniques, when applied, are fantastic. Application is the key – yes, we use Gantt charts and all the rest, but they're tools. We use them fluidly. We aren't building houses: we're building minds.

I think you would see a different sector in about five years' time if there were structured opportunities for training using these tools. Charities would be able to attract funding in a different way.

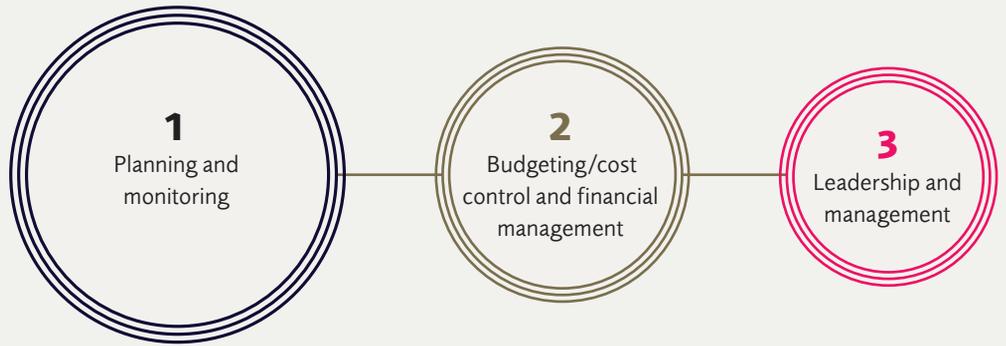
That's how we've been able to attract funding for our major projects, because we have a Theory of Change underpinning the work we do."

Chris Murray



According to the SMEs surveyed, the three most desirable skills for project professionals are:

Source: 2019 PwC analysis

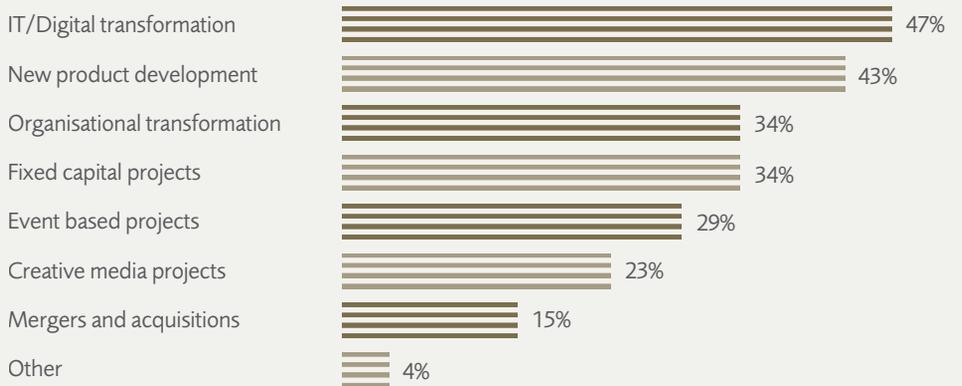


THE SME SECTOR

Small and medium sized enterprises, or SMEs, are an integral part of the UK economy, with the nation's estimated 5.6 million SMEs representing over 99% of all businesses¹⁰. Projects form an essential part of business as usual for many SMEs. However, project management success stories tend to focus on big-budget projects and large organisations. In order to gain an accurate picture of project management in the UK, it is important to raise the profile of project work and project managers in the SME sector and the opportunities that exist for further 'projectification'.

PwC's analysis confirms that those employed and working as project managers in the SME sector make a significant contribution to the economy. The research undertaken for the original *Golden Thread* report estimates that the SME based project profession contributes £79-£94 billion in Gross Value Added (GVA) and between 1.0-1.3 million jobs annually.

Types of project in the SME sector



Source: 2019 PwC Research analysis

SME PROJECT PROFESSION CONTRIBUTION TO UK ECONOMY

£79 = 94

BILLION GVA

1.0 = 1.3

MILLION JOBS

Projects per year on average



Source: 2019 PwC Research analysis

Budget size range



Source: 2019 PwC Research analysis

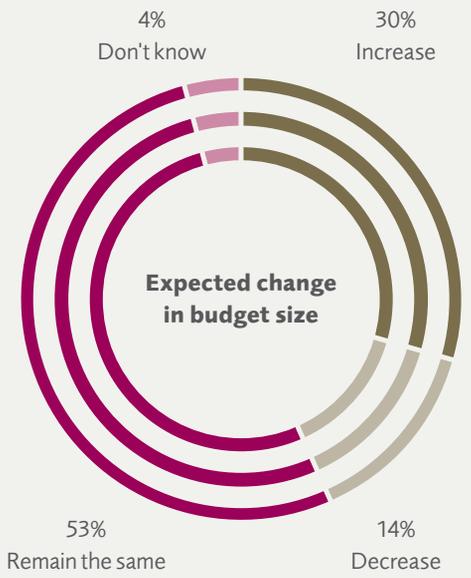
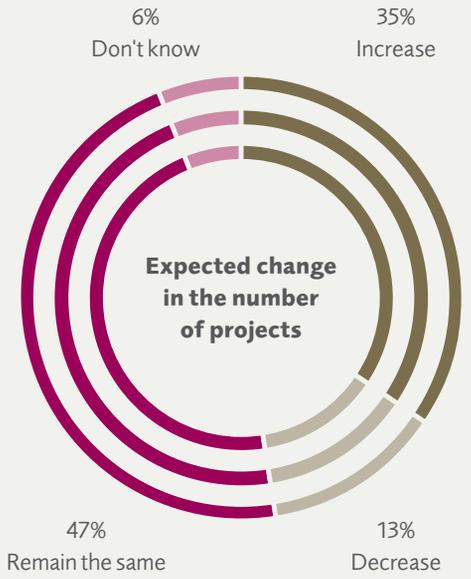
Skills needs and gaps

Our research found that SME projects are often run by managers with limited formal training in project management techniques. With finite resources to hire dedicated project managers, a need was highlighted for further training and guidance for these professionals, particularly in key processes including:

- .. Risk management
- .. Change management
- .. Time management

Communication and interpersonal skills were also recognised as important skills. The dynamics and attitudes of project team members are vital to a project's success and our SME experts identified project managers that can apply interpersonal skills during projects can help create high-performing teams and maximise a projects benefits.

Continual professional development and renewal of training was viewed as a critical component to be an effective project manager but SME staff have limited time and resources to dedicate to training. We found a desire for more 'bite-sized courses' on project management – helping to create consumable chunks of learning that employees can fit around their current job roles. Raising awareness of these courses among SMEs could encourage greater engagement within the sector, with the constantly evolving landscape of project management.



"There is a need for consumable chunks of learning and ongoing support. It's about making sure you're embedding the learning in the organisation."

Research respondent

"The best projects I've worked on, the ones that have had the best success are the ones where the project managers and sponsors have demonstrated leadership and had the people skills to make the other parts work really well."

Research respondent

Future expectations and challenges

SMEs surveyed by PwC Research forecast a steady flow of projects and funding, with 1 in 3 expecting to see increases over the next three years.

Compared to the charity and healthcare sectors – also surveyed by PwC Research as part of this study – SMEs have an optimistic outlook on the future number and budgets of projects. However, our research also identified several challenges that could hinder growth: uncertainty, revenue flow and accessing the right skills.

SMEs due to their very nature can face a difficult existence. More limited resources reduce their ability to adapt to shifting market conditions or weather periods of little to no growth. This can translate into difficulties introducing and embedding project management into their businesses as often the resources are not available to upskill current staff or to create positions for dedicated project managers. This can be compounded by a lack of awareness of the benefits of project management, reducing likelihood of uptake.

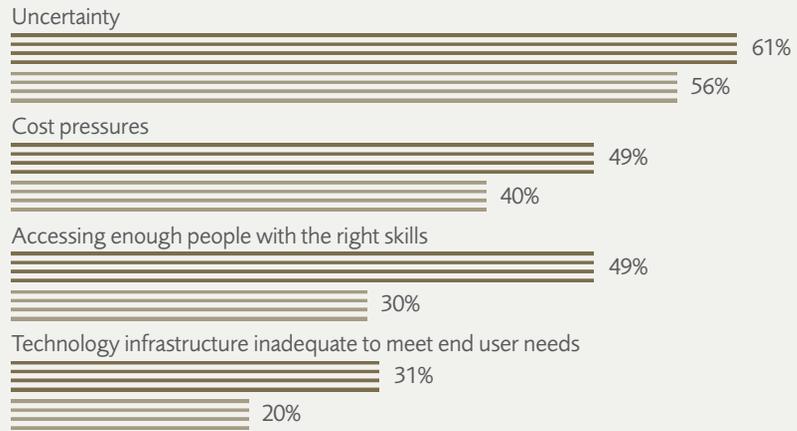
Uncertainty

The UK has some of the largest construction and infrastructure projects in Europe in the pipeline, including the proposed Heathrow expansion in West London, Hinkley Point C in the South West of England, and Crossrail. These 'mega projects' are a vital source of work for the many SMEs that form an important part of mega projects' supply chain.

In 2017, Heathrow Airport estimated that 30% of its suppliers were made up of SMEs and that plans for expansion could significantly increase opportunities for SMEs in the supply chain¹¹. In Somerset, the Heart of the South West Local Enterprise Partnership (LEP) has been developing strategies with local authorities to help SMEs take advantage of Hinkley Point C's supply chain¹². This demonstrates a major project can have a powerful impact on an area's supply chain

Main challenges in the past 3 years

Future challenges in the next 3 years



Source: 2019 PwC Research analysis

in and therefore economic activity in both a positive or negative way.

This can mean SMEs are particularly vulnerable to any economic and political uncertainty that result in mega project delays or cancellations – impacted both from a reduction in work associated with the supply chain and through a decrease in investment within their local regions.

Revenue flow

SMEs have tighter revenue flow and smaller workforces, and therefore have less of a financial buffer to cope with economic fluctuations. Additionally, Brexit poses a risk to local government in the UK and any reduction in council budgets could see a lack of funding passed onto local SMEs¹³. These economic constraints can decrease money spent on project management, which can be more apparent in deprived areas of the country where SMEs report significantly lower turnover growth than the rest of the country¹⁴. This often means projects are managed informally – with a lack of structured approaches and planning.

SMEs can also struggle to compete with large organisations on price, therefore are unable to pass on increased costs to consumers. This means SMEs often have to emphasise value to stand out from the competition.

Accessing the right skills

SMEs tight margins make it difficult to dedicate resources, both money and time, to develop staff. Upskilling is therefore a challenge as the limited workforce makes it harder to commit staff to longer training programs.

SMEs can struggle to find the budget to match salaries of larger companies. This is especially difficult outside major urban hubs; SMEs in more rural locations can struggle to attract young talent in particular¹⁵.

"Larger PM organisations are able to undercut competitors, we go for a different approach. Our approach is that we are very high quality, and that's where the value is. So, we are not going to be the cheapest as we are going to go above and beyond."

Research respondent

THE WAY FORWARD

Raising awareness of project management and making it more accessible to SMEs is key to allowing this sector to capitalise on the benefits project management offers and continue to grow. Some examples of how this could be achieved include promoting 'bite size' training courses and celebrating project management success stories at a smaller scale. Our research also identified a demand for more sector-based knowledge sharing among SMEs to help develop solutions to the unique challenges faced across different industries.

Supply chain opportunities

Local enterprise partnerships will continue to play an important role in SME development by assisting SMEs to take advantage of local supply chains, particularly around large construction projects. Providing better access and support to SMEs, allows them to bid for work resulting from mega projects, helping drive further growth among the sector and release more revenue for increased employment opportunities.

Uptake in new industries

Several key SME subsectors were identified where project management can potentially provide a significant contribution to up scaling productivity. The creative and media industry is an example of this. The job functions and objectives of creative production managers for example are well placed to benefit from project management tools and methodologies.

Digital

Customers' demands are constantly evolving due to rapidly advancing technology and how they access products. Embracing digital change could be a key differentiator for SMEs and help them win greater market share. The uptake of change management techniques will be important, helping to drive business model changes and smooth the transition to new technological integration and capabilities.

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"Sometimes creative managers feel that they will be constrained by project management— but by giving them the structure and platform they can work from they'll be able to do more and be more creative as a result."

Research respondent

Case study: Planning for the Best

Tony Mulvahil is a consultant, coach, trainer and educator for project managers. Tony has a wealth of project management experience gained from his background in the finance industry, and now applies this to SMEs and social enterprises in West London through his consultancy practice, **Planning for the Best**.

The West London area contains a mix of SMEs, covering a wide variety of sectors. Organisation size varies widely – from microbusinesses with 8-10 employees to companies with 250-plus staff. Tony highlighted that there is interplay between West London's large companies and projects, and SMEs and smaller project work. Major projects in the area such as the Heathrow expansion, and the Park Royal development generate project work for many SMEs, and SMEs 'fit' around the larger organisations – a key example being the many SMEs within Heathrow's supply chain.

Planning for the Best supports the local SME network by identifying applicable project management methodologies and frameworks and translating them so that they can be applied across these SME's projects. Tony believes that many within the SME sector are 'accidental' project managers – most of those in the sector who are engaged in project work do not hold a 'project professional' job title, but instead tend to be sales managers, marketers, production managers, directors or engineers. Although these 'accidental' project managers know their industry well and are organised, there are areas in which they can benefit from a more professional approach to project processes and techniques.

Through his work, Tony has highlighted key gaps in project management skills amongst SMEs. The main areas where SMEs require support include developing business cases to support bids for local contracts, benefits management, and organising post-implementation reviews. SMEs often need support with risk management, change management, and time management.

A typical example is a local contractor that was very skilled in solar panel installations, but unfamiliar with project management principles: risk management was identified as a technique that could assist them when considering and undertaking installations on non-load-bearing roofs.

Tony believes that the SME network in West London are good at supporting each other and have strong working relationships. However, damage to the working relationship can occur when large 'outsider' companies move into the region and compete by undercutting local SMEs – this creates price pressure and disrupts the network. Another key challenge for the SME sector in West London is cash flow and the availability of funding. Cash flow is much more important for SMEs than for larger organisations, and work can be 'hand-to-mouth', without the buffer of a large number of contracts. Due to the size of SMEs, and their local focus, council budget cuts can have a strong adverse effect.

In terms of training needs and skills gaps, Tony believes that the main challenge for SMEs is that they can lack the time and resource to provide their staff with additional training. Smaller organisations don't have the number of employees to send their people on day-long (or longer) training courses, as it takes too much out of their workforce. As a solution, Tony believes that more 'bite-size courses' would be beneficial, as it would create 'consumable chunks of learning' from which SME staff could benefit.

"The SME network know they need to support each other, and they will when they can, but when there's competition, that's when things get trickier.

I think that ongoing renewal of learning will be critical to success – support the evolving education requirement. It's a challenge for the industry, because industry needs to be able to give people the time needed to keep their skills up to date."

Tony Mulvahil

Overview of methodology

This research is a continuation of our *Golden Thread* report, a deep dive analysis of key sectors and regions across the UK. It consists of 3 stages:

- 1. Online surveys:** We boosted our sample of 438 UK businesses surveyed to 535, focusing on businesses within the Charity, Healthcare and Life Sciences sectors. This survey helped us calculate the type of projects being undertaken, the size of these projects in terms of budget and FTEs involved and the proportion of project activity for each of the key sectors.
- 2. Validation interviews:** In each of the key regions and sectors, we undertook several exploratory in-depth interviews with industry leaders, project professionals, LEPs and academics with a detailed understanding of regional developments and project activity.
- 3. Literature review:** We built a more detailed picture of the regional and sectoral outlook for project management by reviewing key sources, including white papers, policy reviews, ONS data and local council and local enterprise partnership (LEP) industrial strategy documents

Further details of our methodology can be found in our *Golden Thread* Report: https://www.apm.org.uk/media/35641/apm_methodology_may2019-v2.pdf

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We would like to thank the local industry and regional experts who took part in the study, whose invaluable input helped to shape this report. In the interest of confidentiality, all quotes included in the report have been anonymised.

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